[Translation]

Lac Production

3641. SHRI LALIT ORAON : Will the Minister of INDUSTRY be pleased to state:

(a) whether the lac industry is passing through grave crisis for the last few years;

(b) if so, the details thereof; and

(c) the steps being taken by the Government to bring the industry out of crisis and also development of the same?

THE MINISTER OF INDUSTRY (SHRI MURASOLI MARAN) : (a) The Khadi and Village Industry Commission is not aware of any such crisis in the lac industry.

(b) Does not arise.

(c) KVIC provides financial assistance to lac based entrepreneural units for the employment of the rural youth/ artisans.

Pay and Allowances for Employees of Rural Banks

3642. SHRI BACHI SINGH RAWAT 'BACHDA' : Will the Minister of FINANCE be pleased to state :

(a) whether the Bank employees posted in hilly or rai areas of Uttar Pradesh are paid equivalent to the Nationalised Bank employees;

(b) if not, the reasons thereof; and

(c) the details of difference in pay between the Nationalised bank employees and rural bank employees and reasons therefor?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) to (c) The salaries and allowances of employees of nationalised banks are governed by bipartite agreement between the Indian Banks' Association and the employees' unions. The salaries of the employees of the Regional Rural Banks (RRBs) are, however, determined by the Government of India under the powers conferred by Section 17 of the Regional Rural Banks Act, 1976. Necessary instruotions to RRBs were issued in this regard by Government of India vide circular dated 22.2.1991.

N.P.A. Scheme in Rural Banks

3643. SHRI SANTOSH KUMAR GANGWAR : Will the Minister of FINANCE be pleased to state :

(a) whether the Government are aware that introduction of Non-Performing Assets schemes in rural banks may increase their losses; and

(b) if so, the strategy being chalked-out by the Government to make-up the losses and to make these banks profit-earning?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) The introduction of prudential accounting norms for Regional Rural Banks (RRBs) such as income recognition and asset classification norms from 1995-96 and provisioning norms from 1996-97 has been done to impart transparency in the operations of the RRBs. The introduction of these norms will, by itself not create any losses in the RRBs. It would, however, ensure that all losses are appropriately recorded in the accounts and provided for.

(b) Several measures have been initiated to bring an improvement in the performance of the RRBs and make them viable. These, inter-alia, include :—

i) With a view to widening the range and scope of services, RRBs have been allowed with effect from 1.1.1994 to finance non-target groups to the extent of 60 per cent of their fresh lending; more discretionary powers have been given to them for purchase/discounting of cheques/demand drafts. They have been allowed to issue guarantees on behalf of their customers and have been allowed to install lockers, issue drafts and effect Mail Transfers (MTs) for increasing the range of services.

ii) Seventy RRBs with disbursements of less than Rs. 2 crores during 1992-93 have been relieved of the service area obligations and they are allowed to finance throughout the area within their jurisdiction. Remaining RRBs are also allowed to extend loans within their entire command districts subject to their service area obligations.

iii) RRBs have been allowed to relocate their loss making branches to relatively better locations viz. commercial centres like market area, village mandies, block and district headquarters, etc. and redeploy concerned staff suitably.

iv) 102 select RRBs have been given equity support to the extent of Rs. 374 crores (approx.) by Government of India. A budget provision of Rs. 200 crores has been made in 1996-97 for this purpose.

v) All RRBs have been advised to prepare bank specific development action plans to enable them to adopt a systematic approach for their turnaround.